

USAWC STRATEGY RESEARCH PROJECT

IS U.S. CONFLICT WITH CHINA INEVITABLE?

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## ABSTRACT

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For well over a decade, the United States has been the undisputed hegemon in a unipolar world. Many experts believe that the current unipolarity cannot last as historically the world's powers will seek a balance of power. In the coming decade, that great power, or near-peer competitor could arise in the form of China. However, a major question in a world evolving to bi- or multi-polarity is, does that change necessarily constitute a coming conflict in the same vein as the previous Cold War between the United States and the Soviet Union? If history is an accurate indicator, the answer is most likely yes due to a number of factors. First, there are already a number of major potential sources of conflict between the United States and China such as China's human rights record, its growing economic influence in the global market, and China's ever increasing military capabilities. Second, and arguably the most critical, is the United States' policy in regard to Taiwan. Given the accuracy of the above two statements, this paper will examine the U.S./China relationships from a historical perspective, discuss the sources of potential conflict, and conclude with three alternatives for future relations between these two great powers. Finally, the paper will select the best alternative for the United States and Chinese relations in terms of the elements of national power.



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## IS U.S. CONFLICT WITH CHINA INEVITABLE?

### THE U.S. AS SOLE SUPERPOWER/WORLD HEGEMON

Webster's Ninth New Collegiate Dictionary defines hegemony as "pre-ponderant influence or authority especially of one nation over others." The dictionary goes on to define superpower in multiple terms: a-excessive or superior power, b-an extremely powerful nation; one of a very few dominant states in an era when the world is divided politically into these states and their satellites, and c- an international governing body able to enforce its will upon the most powerful states.<sup>1</sup> Given the current state of international affairs, the United States is most definitely a superpower and most certainly a hegemon.

Following the end of World War II, the global order was virtually set up into two camps, those nations most closely aligned with the United States and democracy and those nations siding with the Soviet Union and the communist cause. This bi-polar arrangement was reflected in almost every major international forum especially in regards to diplomacy, the economic world structure, informational or propaganda campaigns, and the military establishment. While outright military conflict never ensued between the two superpowers, numerous confrontations ranging from the Korean War, Vietnam conflict, and the Soviet incursion into Afghanistan served as surrogate confrontations between the U.S. and Soviet governments.

The world order remained this way until November 1989 when the Berlin Wall fell and the ultimate collapse of the Soviet Union in 1991. After these events, the United States found itself as the world's sole superpower but with no real plan on how to proceed since the previously mentioned events were largely unanticipated. Over the past decade, U.S. foreign and military policy has capitalized on the sole superpower status by actively propagating free market economies, spreading democracy through globalization, and exerting its influence on a greater global scale than before.

Samuel Huntington in his book, *The Clash of Civilizations and the Remaking of World Order*, stated "The West is attempting and will continue to attempt to sustain its preeminent position and defend its interests by defining those interests as the interests of the "world community."<sup>2</sup> Moreover, the United States sees itself as the leader of world community affairs as espoused in the September 2002 National Security Strategy of the United States. The security strategy clearly articulates the vision where the U.S. possesses unprecedented and unequalled global strength and influence. It goes on to describe the evolutionary nature of the security environment in post-Cold War terms. President George W. Bush in the document describes the new world order based on new areas of cooperation, previously unthinkable



between the East and West, and in the nature of new conflict. The two areas of greatest cooperation include the reduction of nuclear arsenals and cooperation in counterterrorism and missile defense. Indeed, the scope of nuclear disarmament between the United States and Russia has been nothing short of historic while cooperation between states such as the United States and Pakistan are equally ground breaking in terms of international efforts. However, new sources of conflict are precedent setting as well.<sup>3</sup>

As a world hegemon, the United States and democratic ideals in general face greater challenges than before. Rogue states such as Iran, Iraq, and North Korea have continued to flaunt their efforts to stymie global non-proliferation accords and state-sponsored terrorism in general is also on the rise. Additionally, non-state actors attempting to extort peaceful states are also increasing globally. Further, the effort to destabilize the current world order is not confined to the Middle East; China too continues to exert, and at times extort, influence within the Asia-Pacific theater with the goal of undermining and eventually defeating the United States' regional hegemony. While the U.S. and Chinese relations over the years have taken twists and turns, the future holds the potential for more than one near-peer competitor to offset U.S. influence.

One keynote of the U.S. National Security Strategy is the growth in number and diversity of adversaries to the U.S. Moreover, since 9/11, the greatest growth of anti-U.S. sentiment is currently ongoing not only in non-democratic states but in regions historically friendly to U.S. interests. Many Western governments see the U.S.-led global war on terrorism as detrimental to world order and some have advocated establishing counter-balancing U.S. dominance--two of these possibilities could be the European Union (EU) and China. Counterbalancing on this scale would mean a multi-polar world instead of a uni- or bi- polar order.

The likelihood of the EU emerging as a separate military superpower against the United States is not very high due to two reasons. First, the EU and U.S. enjoy historic democratic ties that prevent the likelihood of armed conflict between the two. In fact, if there is to be any conflict between the U.S. and the EU, the more likely arena for that confrontation is economic. Second, the preponderance of the EU's military might comes from the North Atlantic Treaty Organization (NATO) of which the United States is a dominant partner. Hostility between the U.S. and NATO under the EU would pose a significant challenge to the EU as a vast majority of the equipment and personnel belong to the U.S. Additionally, a military U.S./NATO/EU conflict is unlikely due to the tenure and strength of the alliance; conflict under this scenario could only result under the greatest of betrayals by these partners which in itself is also very unlikely. The greater likelihood for a near-peer competitor threat comes from China.

China as a near-peer competitor becomes more likely every day. Sources of conflict between the U.S. and China stem from global economic challenges, human rights offenses by China, the unprecedented military build-up of Chinese forces, and China's hostile stance towards Taiwan. However, relations between the U.S. and China have not always been openly hostile.

### **HISTORICAL PERSPECTIVE OF U.S. RELATIONSHIP WITH CHINA**

U.S./China relations date back to the 19<sup>th</sup> century when Western powers viewed China as an avenue to expand their economics. In the early 20<sup>th</sup> century, the U.S. carefully watched China's civil war and openly supported the Nationalist Party led by Chiang Kai-Shek while opposing the Communist movement led by Mao Zedong. Throughout the 1930's and continuing until his death near the end of World War II, President Franklin Roosevelt felt China, under the Nationalist Party, held great hope for the world in terms of global economic prosperity and the spread of democracy. Following World War II, Mao Zedong's Communist Party defeated Chiang Kai-Shek's Nationalist Party who, in turn, fled to the island of Formosa (Taiwan) to establish a separate government from the one on mainland China.

The U.S. recognized the Taiwan government as legitimate China government until February 1972 even though Chiang Kai-Shek ruled Taiwan in a corrupt and autocratic fashion. In fact, in 1947, Chiang's governor of the island put down an uprising by arresting and executing thousands of Taiwanese intellectuals. Additionally, Chiang Kai-Shek was routinely characterized as "mean-spirited," ruled by martial law, and imprisoned those who called for a free Taiwan.<sup>4</sup>

Given the above, why has Taiwan enjoyed U.S. support? Quite frankly, it's because Chiang Kai-Shek was not communist and the perspective at that time was pragmatic—any government was better than a communist one. Again, this position remained until 1972 when the U.S. recognized mainland China as the legitimate government, not Taiwan.

In February 1972, Henry Kissinger, then National Security Advisor to President Nixon, along with Chinese Foreign Minister Qiao Guanhua, crafted what is now known as the Shanghai Communiqué. This Communiqué outlined a new U.S./China relations policy that stated:

The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves.<sup>5</sup>

While widely recognized as a milestone in U.S./China relations, this policy, known as the One-China policy, has also been a great source of consternation between the two countries. However, this policy alone is not the sole source of potential conflict between the U.S. and China.

## **SOURCES OF POTENTIAL CONFLICT**

Sources of potential conflict between the U.S. and China are numerous but can be broadly broken down to human rights, the economy, the military, and diplomacy, especially in terms of Taiwan. China's human rights report card has been abysmal and has been that way for decades. From the treatment of their children in orphanages, political oppression, and the Tiananmen Square massacre, China fails to meet Western standards of human rights treatment

## **HUMAN RIGHTS**

China has a growing population problem and chooses to resolve that dilemma in an unsuitable fashion when measured against Western standards. Chinese families are restricted to having only one child and many times if that child is female, it is aborted, killed at birth, or placed in an orphanage. In the 1990's, the American press gave great play to reports by human rights organizations that China essentially murdered, through intentional starvation, large percentages of the children it keeps in orphanages.<sup>6</sup> However, poor treatment of children in orphanages is only a small portion of human rights violations experienced by Chinese citizens. Anyone growing up in Chinese society faces the specter of long imprisonment if they happen to believe in something other than that which is sanctioned by the government.

China probably has the largest number of political prisoners than any other country in the world--officially it admits to just over 3,000 such prisoners.<sup>7</sup> In an environment where the slightest criticism may be considered a crime, people in China continue to be sent to prison for little more than talking about setting up a political organization. Unfortunately for the people, the rule of law does not offer any measure of protection to the citizenry. Loopholes in Chinese law permit detainees to be held without charges for an almost indefinite period of time pending the outcome of investigations. The current record for detention is 8 years without trial.<sup>8</sup> However, the most egregious and high profile human rights violations in China occurred in June 1989.

In June 1989, a major human rights incident was displayed before a world audience which has in many ways overshadowed Western relationships with China since... the Tiananmen Square Massacre. The summer of 1989 highlighted a number of student riots centered primarily in Tiananmen Square. Although some harsh reactions to the protest were expected, the brutality of the government response was unprecedented. According to numerous world

sources approximately 400-800 people were killed (the Chinese Red Cross reported 3,000), 7,000 to 10,000 people injured, and more than 1,500 students were arrested.<sup>9</sup> While occurring over 14 years ago, the West, and the U.S. in particular, have not forgotten. World response to human rights incidents have varied in deterrent effect over the years.

The primary sanction of choice by the U.S. towards China prior to 1994 was the Most Favored Nation (MFN) trade status. The impact of MFN is that countries not on that list have to pay burdensome tariffs on their exports to the U.S. to the extent that trade is essentially cut off.<sup>10</sup> The U.S. has used the MFN with China as a carrot to induce them into human rights support. Unfortunately, that tact proved ineffective to the extent that in 1994 President Clinton de-linked MFN status and human rights issues with China.<sup>11</sup> It is believed this de-linking may have been an effort to open the doorway to democracy or the Western culture in China which could lead to more liberal relations between the U.S. and China. While that move initially demonstrated some success in that China released some political prisoners and free-labor party members only to re-arrest them shortly thereafter. The U.S. has sponsored other sanctions against China with mixed results as well.

Other U.S. sanctions against China include opposing China's sponsorship of the 2000 Olympics which was successful for that particular year's Olympics. However, China has overcome that obstacle and will now host the 2008 Winter Olympics. The U.S. also opposed China's membership in the World Trade Organization (WTO) only to see that opposition overcome by China's induction into the WTO in December 2001. Herein lies the challenge of U.S. and Chinese trade relations; the U.S. routinely imposes sanctions only to subsequently lift them due to the large volume of trade between the two nations.

## ECONOMIC

If not outright war, conflict between the U.S. and China may become economic rivalry at the least. Within a few years, many experts predict that China will be the largest economy in the world whose strength and influence are already far greater than those of any other country in the vast Pacific region...except for the United States.<sup>12</sup> When money, and its collateral influence, talk people will listen and people, especially in Asia, are listening. Like Japan, China's growing influence in world affairs will be exerted more and more through its economic rather than its military or political muscle.<sup>13</sup> U.S. efforts via economic sanctions and other economic instruments have largely failed. Foreign corporations are warned that any talk of pressuring China's Communist Party to end inhuman treatment of dissidents will bring official retaliation. The Chinese government knows that its control over foreign companies seeking

access to the huge Chinese market is a powerful political tool to keep them in line.<sup>14</sup> In many respects, that thought process includes trade with the U.S.

Two-way trade between the U.S. and China exceeds more than \$40 billion per year where both countries see the real and projected increases in business across the Pacific as a guarantee of jobs and prosperity at home.<sup>15</sup> Many Americans now view China largely in market terms: either they are going to swamp American markets with cheap goods, costing Americans their jobs, or they are going to open up their own vast markets to the U.S., creating jobs and wealth here.<sup>16</sup> The extent of the pervasiveness of this perception is unknown but many believe there is not a win-win scenario for trade with China; having cheap goods and being able to create jobs on both sides of the Pacific Ocean remains unfathomable.

The above view is very similar to how many Americans viewed Japanese goods and products in the mid- to late 20<sup>th</sup> century. That economy had the second highest gross domestic product in the world from 1968 to 1990 but stock devaluation lowered Japanese stock values by over \$2 trillion in late 1990 which made it vulnerable to the market malaise experienced by many Asian nations later in that decade. Could this rapid growth and subsequent decline also be what's in store for China's economic future?

As long as China's economic growth and development continue at unprecedented levels, they will see little need to change economically, politically, or militarily. Over the past two decades, China has declared an impressive annual economic growth rate of nearly 10 percent which by modern measures is almost scalding.<sup>17</sup> Despite warnings to China that such growth can be detrimental in the long term, China sees their growing economy as the best guarantee for the Chinese people that homelessness, starvation, and freedom from need are largely unknown to their people.<sup>18</sup> Troubling to the West and other regional actors is the vast amount of money this type of economy allows China to invest in its military means.

#### MILITARY/TAIWAN

While U.S. military spending is certainly the largest in the world, China's increased military spending and force improvements are pacesetting in East Asia;<sup>19</sup> part of that spending comes in the form of technology transfers. China plays a central role in the transfer of both conventional and non-conventional weapons to many states—most notably of recent concern is increasing exports to Muslim states. These transfers include: construction of a secret, heavily defended nuclear reactor in the Algerian desert; the sale of chemical weapons to Libya; providing CSS-2 medium-range missiles to Saudi Arabia; supply of nuclear technology or materials to Iraq, Libya, Syria, and North Korea; and the transfer of large numbers of

conventional weapons to Iraq<sup>20</sup>. Not only do these transfers make other militaries much stronger, they allow the Chinese to make significant investments into their own military.

China is already by far the most militarily powerful nation in Asia and it is rapidly becoming even more powerful. It faces no credible military threat to any of its neighbors, almost all of which are relatively weak, and its defense spending is growing faster than any major country on the planet. China's military spending growth is virtually unprecedented for a nation that is not in open conflict with any other major power.<sup>21</sup>

China's military budget remains cloaked in secrecy and what is known is very misleading. The disclosed 1994 military budget was \$5.9 billion; experts speculate that the actual budget was closer to \$12 billion to \$18 billion. Moreover, military spending in China goes further than in the West because the average Chinese soldier earns less than \$20 per month. Even given this factor, the Chinese 1994 military budget was ranked #3 in the world with the U.S. as #1 and Russia as #2.<sup>22</sup>

Last year, the State Department issued a report that as of 1999, the U.S. was the #1 military spender with China now ranked as #2...U.S. spending was \$281 billion that year while China's reported spending was approximately \$89 billion.<sup>23</sup> In 2004, the U.S. military budget was \$400.1 billion (and the U.S. is a nation at war) while China's reported budget was nearly \$100 billion. In terms of real growth, China has given its military double-digit budget increases for 14 out of the last 15 years.<sup>24</sup> Based on these increases, what China has done is increasingly use its military as a foreign policy tool. In its campaign to isolate Taiwan, China sent water-supply technicians to Liberia after the West African nation cut its ties with Taiwan.<sup>25</sup> Additionally China also has the ability to leverage its nuclear arsenal as a policy tool in that it is the only regional actor that has deployed nuclear response.<sup>26</sup> Given the accuracy of the above information, just what is China preparing for?

Many experts believe China is preparing for an eventual military conflict with the West and is acting to secure its regional interests. Others believe China is preparing for an eventual showdown with the U.S. over Taiwan. The current U.S. stance toward Taiwan makes this assessment almost inevitable from a military perspective.

In preparing for a U.S. showdown, China routinely holds annual training exercises in the area of Taiwan and has been known to mass troops along the Eastern coastline of the mainland as a "mock" amphibious landing scenario. In the event that China makes overtures to conduct more than exercises and actually move on Taiwan, the U.S. will have little choice but to come to Taiwan's aid or risk collapse of its credibility with other friendly, economically important states in the region--and that could mean real war between the U.S. and China under the right

circumstances. While some believe such a confrontation between the two nations is improbable, in 1996 the world nervously watched a face off between the U.S. and China in the Taiwan Straits.

In March 1996, China showed off the development of accurate medium-range missiles and used them as a scare tactic against Taiwan.<sup>27</sup> China conducted missile tests and live-fire naval exercises in the Taiwan Strait aimed at disrupting Taiwan's first free and democratic election of a president in its history. In retaliation, the U.S. announced the aircraft carrier Independence and its battle group were only 200 miles away. When China continued with the exercises, the U.S. sent a second aircraft carrier, the Nimitz, to the region. China then threatened the U.S. to stay out of the strait; the U.S. exercised its rightful freedom of navigation rights and sent a ship through the area.<sup>28</sup> In this particular instance, China chose not to engage the U.S.; however, the confrontation is precedent setting. Is the U.S. now obligated by its actions to come to Taiwan's aid whenever this sort of event occurs again in the future?

China's continuing local adventurism will at a minimum assure some real chance of a limited naval or air engagement between the U.S. and China, especially in regards to Taiwan. While military action is possible, the hope is that careful diplomacy will help diffuse the situation whenever the potential for a military option presents itself. Unfortunately, U.S. and Chinese diplomatic tensions are yet another major source of potential conflict between the two nations due to major differences in ideology and other factors.

#### DIPLOMATIC/TAIWAN

It is common knowledge that the Beijing government is Communist while the U.S. one is democratic. Does that fundamental governmental philosophy necessarily dictate conflict between these two powers? History would dictate the answer is yes and it is so in practice as well as reality. The U.S. has been described at times as a benevolent hegemon; the same cannot be said of China. China has a long history of violence and coercion regarding its neighbors, particularly Korea and Japan, and all fear the power vacuum in the event of diminished U.S. regional pressure. Communism and democracy, though diametrically opposed in their tenants, do not create in themselves the requirement for conflict. However, when autocratic governments repress their people from exercising their inalienable rights, that conflict becomes paramount. Internally China's government is not tolerant of individualism, self-expression, nor criticism of that government. To do any of these actions subjects its citizens to imprisonment or in the worst case execution.

The polar opposite dimensions of the Chinese and U.S. political systems is best illustrated by how each government reacts to Taiwan which in itself has the greatest potential to either invite or avert conflict. The U.S. One-China policy specifically states that there is but One-China and that legitimate government resides in Beijing. That policy also recognizes that Taiwan is part of China and that any discussions regarding the Taiwan issue should be conducted peacefully or through dialogue.

The paradox of the One-China policy is that how can one nation, China, have two different governments, one in Beijing and one in Taipei? Either China has one government, or it doesn't and either China is one country or its not. Diplomatic recognition of China and not Taiwan as the legitimate government only adds to the ambiguity of the U.S. policy. This policy is purposefully ambiguous which contains the seeds for a greater potential of conflict with China.

## **STRATEGIC ALTERNATIVES**

Based on the numerous areas of potential conflict between the U.S. and China, the U.S. has three possible strategic directions in either accelerating that conflict, neutralizing the major areas for conflict, or keeping conflict with China at arms length. Three alternatives worth consideration are: 1) support Taiwan as a government separate from China i.e. an independent Taiwan, 2) support China and Taiwan reunification, and 3) maintain the current status quo. All three may be viable alternatives but none are without their own risks.

### **INDEPENDENT TAIWAN**

Diplomatic recognition of Taiwan as a nation-state separate from China would be a ground-breaking development across the world. In 2000, a white paper issued by China stated it would not wait indefinitely for reunification so outright denial of that opportunity for China and Taiwan would have major risks diplomatically, militarily, and economically.<sup>29</sup> Diplomatically, China would most likely recall its diplomats from the United States. Additionally, any measure in the United Nations Security Council would face a certain veto from China. Regionally, an independent Taiwan could destabilize the region on numerous fronts. China's foes would view the independence of Taiwan as Chinese weakness and it could "lose face" with its neighboring partners if such an action went unchecked. For the U.S., while the potential for a military conflict is increased exponentially, diplomatically the U.S. fulfills its National Security Strategy vision of "expanding the circle of development by opening societies and building the infrastructure of democracy."<sup>30</sup>

Information channels would need to be significantly enhanced and expanded under an independent Taiwan scenario. U.S. support for a Taiwan nation-state would have to be sold on



the premise that any advancement of democracy in any region is good for U.S. and its citizens. Although the Cold War is over, the U.S. could tell the world that a free Taiwan is further evidence of the superiority of democracy over communism and totalitarianism. Additionally, Americans should be told, in order to gain their support, that just as Iraq is a toe-hold for democracy in the Middle East region, so too would a free and open Taiwan do the same for the Southeast Asian region.

The U.S. would have to provide large amounts of regional military expertise, presence, and equipment in the advent of an independent Taiwan. While an independent Taiwan would be positive for the global growth of democracy, the timing of such an event could be troublesome for the U.S. In the near term, the U.S. might have to forego its regional reorganization efforts in Korea at a minimum. In addition, if the Global War on Terrorism (GWOT) were still ongoing, the U.S. could ill afford to focus on another theater of operations, especially against a relatively near-peer competitor (depending on timing). If the U.S. were still engaged in Iraq and Afghanistan, GWOT, and the Philippines, the additional manpower requirements of supporting Taiwan would be overwhelming militarily and economically.

The economic challenges of an independent Taiwan would also have major implications. As stated earlier, the U.S. is currently China's #1 trade partner and supporting Taiwanese independence would surely set off Chinese trade sanctions against the U.S. An increase in military sales to Taiwan may partially offset these sanctions somewhat, but primarily only for large corporations. Given the substantial risks associated with supporting a free Taiwan, the other end of the spectrum, a reunified China and Taiwan, also bears consideration.

#### REUNIFIED CHINA AND TAIWAN

The prospect of a reunified China and Taiwan has incredible, albeit equally risky, outcomes. The most critical factor under this scenario is the potential growth of Chinese influence in the region. Samuel Huntington maintains "Chinese hegemony will reduce instability and conflict in East Asia."<sup>31</sup> While the hegemony may be troubling for U.S. regional interests, Chinese hegemony could be offset by banding the U.S. with Japan, South Korea, India and Russia--our common interests could significantly reduce Chinese influence beyond the region.

The world did not come to an end with the return of Chinese rule to Hong Kong and Macao in 1997 and 1999, respectively. In fact, China has offered the so-called Hong Kong alternative to Taiwan numerous times but the offer has been refused by Taiwan's President Chen who stated Taiwan has always been a nation-state and therefore the Hong Kong model does not apply.<sup>32</sup> While the U.S. supports a dialogue between China and Taiwan on this issue,

it does so based on a peaceful determination which neither side appears ready to accept any time soon.

Reunification, arguably, will not happen without some third party (read U.S.) intervention or without some incentive. While China wants Taiwan to return to China, there has to be an incentive for both Taiwan and the U.S. to go out on a limb and support. Consider this proposal:

1. China offers the Hong Kong model government to Taiwan to include a near nation-state status under a federation or satellite governorship arrangement.
2. U.S. supports the above peaceful arrangement and halts military support to Taiwan in a phased approach in exchange for China's overt effort to dismantle WMD in North Korea and reunify the Korean peninsula.

Diplomatically and informationally, this alternative requires much support. Incrementally withdrawing support for Taiwan may be perceived as weakness on the part of the U.S. However, the potential benefits are tremendous. A dismantled and reunified Korean peninsula gives the U.S. another win in the Cold War legacy, Korean reunification may also allow the U.S. to further reduce its troops in Korea once the peninsula stabilizes, and the plan serves both Chinese and U.S. interests. Of note however, are the results from several polls of the Taiwanese populace. Polls are reflective of the apparent indifference among the Taiwanese on the subject; 20% favor independence, 15% reunification, 50% status quo, and 15% undecided...a 20% measure of independence and 15% measure for reunification are not strong measures for a clear choice of governance by any standard.<sup>33</sup>

Finally, the U.S. State Department's 2004 mission statement calls into question U.S. political focus on the region. Of the 13 key priorities listed, none of them mentions Taiwan or China nor related U.S. interests.<sup>34</sup> Given this, if reunification were accomplished peacefully, this would be a great diplomatic triumph for the U.S.

Reunification also has military advantages. Taiwan/China and Korean reunification would eliminate two of the world's greatest hot spots and enhance regional stability. The U.S. would lose about \$2 billion per year in military sales but these sales could be easily diverted to other countries elsewhere.

Last, the economic benefits of reunification are equally tremendous. China and Hong Kong continue to liberalize trade in goods and services under the 2004 Closer Economic Partnership Agreement (CEPA) which could be easily adapted to China and Taiwan.<sup>35</sup> Based on China's previous offers of reunification along the lines of Hong Kong, Taiwan would be hard-pressed to prove this model is detrimental to the economic well-being of the island. Specifically, Hong Kong remains the world's freest economy according to the 2003 annual report sponsored

by the CATO institute.<sup>36</sup> While the world may not be ready for a free Taiwan or a reunified China/Taiwan, maintaining the status quo in regards to these alternatives has its own appeal.

## STATUS QUO

Maintaining status quo relationships with China and Taiwan has been the overwhelming favorite option of numerous politicians and academicians. While some maintain there are risks associated with an ambiguous policy, these risks outweigh outright confrontation with China or abandoning the people of Taiwan. The reality is that the status quo is relatively safe: major military and economic attacks are for the most part unlikely due to growing ties and Taiwanese leaders are not likely to willingly give up political authority or autonomy.<sup>37</sup>

Diplomatically, the One-China policy requires the U.S. to play both sides of the fence. Maintaining a status quo arrangement requires no change in policy and we in fact remain ambiguous ourselves as the situation dictates. America's primary diplomatic challenge lies with Congress, which periodically drafts legislation to strengthen ties with Taiwan and provide it more support, both militarily (equipment) and economically. While well intentioned, Congressional efforts to strengthen U.S./Taiwan ties have historically drawn Chinese ire.

Efforts at information policy regarding China and Taiwan remain relatively low in a status quo arrangement. The biggest challenge in this regard is maintaining fair and balanced reporting of U.S./China common interest events.

Militarily, the status quo requires a relatively high U.S. commitment. While the U.S. remains supportive of a peaceful resolution between China and Taiwan, at a minimum the status quo requires a substantial (mainly Navy and Air Force) overseas troop presence. This presence is required in order to be able to respond to any hostile overtures from China. Additionally, military equipment sales (both a military and economic factor) would have to continue. Since 1995, the U.S. has sold over 150 F-16 aircraft to Taiwan. Also, since 1992 the U.S. has sold about \$20 billion worth of other military equipment to the island and in 2004 alone sold Taiwan eight diesel powered submarines, four Kidd-class destroyers, up to 12 P-3 anti-submarine aircraft, Paladin self-propelled artillery systems, MH-53 mine sweeping helicopters, amphibious assault vehicles, MK-8 mod 4 torpedoes, anti-ship missiles, and information regarding the Patriot Advanced Capability-3 (PAC-3) anti-missile for possible future sales.<sup>38</sup>

The status quo favors the U.S. economically as well. Taiwan, as stated before, purchases about \$2 billion per year of military equipment; it also enjoys a \$7 billion per year trade surplus with the U.S.<sup>39</sup>, and Taiwanese citizens continue to invest in U.S. businesses. Taiwan foreign

investment into the U.S. has reached about \$30 billion since 1992; add to these sums the \$40 billion in trade between the U.S. and China and the status quo remains attractive indeed.<sup>40</sup>

#### **POLICY RECOMMENDATION**

Each of the strategic options has its strengths and weaknesses. Whether or not a U.S. conflict with China is inevitable is the subject of great debate and most certainly cannot be answered definitively in this paper. However, what America does have is strategic choices that can take it down a number of paths in response to this issue. By recognizing and supporting an independent Taiwan, the U.S. could make conflict an almost certainty. On the other end of the spectrum, a reunified China and Taiwan could substantially reduce conflict over one of the world's greatest military flashpoints. Last, while the status quo of the One-China policy neither prevents nor assures conflict, it does keep the potential for such a conflict at arm's length. An independent Taiwan and a reunified China/Taiwan are roads unknown; therefore, America's global interests are better served by traveling the known road and making a U.S. and China confrontation an "if," not when.

WORD COUNT=5485



## ENDNOTES

- <sup>1</sup> Frederick C. Mish, ed., Webster's Ninth New Collegiate Dictionary, (Massachusetts: Merriam-Webster Inc, 1985), 561, 1185.
- <sup>2</sup> Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order*, (New York: Simon and Shuster, 1996), 184.
- <sup>3</sup> George W. Bush, *The National Security Strategy of the United States*, (Washington D.C.: The White House, September 2002), 1.
- <sup>4</sup> Richard Bernstein and Ross H. Munro, *The Coming Conflict with China*, (New York: Vintage Press, 1998), 159-61.
- <sup>5</sup> Ibid, 150-1.
- <sup>6</sup> Ibid, 7.
- <sup>7</sup> Ibid, 7.
- <sup>8</sup> Donald Shanor and Constance Shanor, *China Today*, (New York: St Martin's Press, 1995), 27.
- <sup>9</sup> Nicholas D. Kristof and Sheryl Wudumn, *China Wakes: The Struggle for the Soul of a Rising Power*, (New York: Random House, 1994), 47-8.
- <sup>10</sup> Bernstein, 97.
- <sup>11</sup> Ibid, 85.
- <sup>12</sup> Ibid, 4.
- <sup>13</sup> Bruce Gilley, *China's Democratic Future: How It Will Happen and Where It Will Lead*, (New York: Columbia University Press, 2004), 233.
- <sup>14</sup> Bruce Gertz, *The China Threat: How the People's Republic Targets America*, (Washington D.C.: Regnery Publishing, 2000), 41.
- <sup>15</sup> Shanor, 16.
- <sup>16</sup> Ibid, 20.
- <sup>17</sup> Gilley, 21.
- <sup>18</sup> Shanor, 26.
- <sup>19</sup> Huntington, 89.
- <sup>20</sup> Ibid, 188.

- <sup>21</sup> Bernstein, 65.
- <sup>22</sup> Kristof, 379
- <sup>23</sup> US State Department, Highlights by Indicator: Military Expenditures, (<http://www.state.gov>, accessed 15 January 2005), 1.
- <sup>24</sup> "China's Military Budget at a Glance, "6 March 2004; available from <http://www.washingtonpost.com>;Internet, accessed 4 January 2005.
- <sup>25</sup> Ibid
- <sup>26</sup> Bernstein. 74.
- <sup>27</sup> Ibid, 41.
- <sup>28</sup> Ibid, 153-6.
- <sup>29</sup> Michael E. O'Hanlan, Defense Policy Choices for the Bush Administration, (Washington D.C. ; Brookings Institution Press, 2001) 156.
- <sup>30</sup> Bush, 2.
- <sup>31</sup> Huntington, 237.
- <sup>32</sup> John R. O'Connor, Lt. Colonel, One-China Policy with Taiwan: Implications for Future US National Security Strategy, (Carlisle Barracks: US Army War College, 19 March 2004), 17.
- <sup>33</sup> Ibid, 18.
- <sup>34</sup> US State Department, Mission and Mission Statement, (<http://www.state.gov/m/rm/rls/dosstrat/2004/23503pf.htm>,accessed 15 September 2004), 1-4
- <sup>35</sup> O'Connor, 13.
- <sup>36</sup> Ibid.
- <sup>37</sup> John F. Cooper, China Diplomacy: The Washington-Taipei-Beijing Triangle, (Boulder, CO: Westview Press, 1992), 151.
- <sup>38</sup> O'Connor, 17.
- <sup>39</sup> Larry M. Wortzel, The Political-Military Dimension of US Policy Toward Taiwan, (Heritage Foundation Lecture, 9 October 2002), 2.
- <sup>40</sup> Ibid, 2.

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